MOODY'S UPGRADES WILLIAMSON COUNTY (TN) TO Aaa FROM Aa1, AFFECTING $461.79 MILLION IN PARITY DEBT

ASSIGNS Aaa RATING TO COUNTY'S (TN) $37.82 MILLION IN G.O.-BACKED 2008 BOND ISSUE

Moody's Investors Service has assigned Aaa ratings to Williamson County's (TN) $11.1 million General Obligation Bonds, Series 2008, $19.36 million County District School Bonds, Series 2008, and $7.36 million Hospital Revenue and Tax Refunding Bonds, Series 2008. Concurrently, Moody's has upgraded to Aaa from Aa1 the rating on $423.97 million of previously-issued parity debt. The General Obligation Bonds are secured by the County's unlimited property taxes pledge and proceeds will finance various school and other county public works projects. The School Bonds are secured by an unlimited property tax pledge on all county taxable property with the exception of property within the territorial limits of the Franklin Special School District (rated Aa2), and proceeds will finance the construction of school buildings. The Hospital Revenue and Tax Bonds are secured first by the net revenues of the Williamson Medical Center and, in the event of insufficiency of funds, secured by an unlimited general obligation pledge of the County's taxable property; proceeds will refund the county's Series 1997 hospital bonds for a net present value savings of 3.9% of refunded principal without extension of maturity. The upgrade to Moody's highest quality rating is based on the County's very strong and growing economy characterized by very high socioeconomic indices and continuing significant tax base growth, strong financial operations, and a manageable debt position.

WEALTHY SUBURBAN COUNTY WITH STRONG ECONOMIC GROWTH IN THE NASHVILLE METRO AREA

Moody's expects the growth in Williamson County's sizeable, $24.2 billion tax base to continue, given ongoing residential and commercial development, as well as room for anticipated development coming over the next few years. Located just outside of Metro Nashville and Davidson County (G.O. rated Aa2), the county is one of Tennessee's wealthiest, with the highest income levels of all counties in the state. According to data compiled from Federal tax returns from 2005 by the Transactional Records Access Clearinghouse at Syracuse University (rated Aa3), the average adjusted gross income for county residents was 7th for all counties in the nation. Taxable value growth has been strong, averaging 10% over the past give years, driven by residential development as well as commercial growth in the form of office buildings and retail establishments. Full value growth has been slightly stronger, averaging 11.2% over the same time frame and reflecting increase in home values. Population continues to grow, virtually doubling from 1990 to 2006, and is currently estimated at 160,781. Additional development has begun in the southern portion of the county where there is open land for additional residential construction. Importantly, according to the county realtors association, as of the end of December, 2007, while new home building has slowed from the prior year, median prices have only fallen minimally and remain above what they were at the end of 2005. Income levels have grown relative to state and national levels, with per capita income reaching 167.6% of the state and 150.5% of the national median in 2000; median family income was 180% of the state and 156.5% of the nation in 2000. Full value per capita is also very strong at $150,461.

In addition to the strong residential growth, the county has benefited from commercial growth in the form of a number of corporate relocations, the most notable being Nissan North America, which is relocating its headquarters to the Cool Springs area in the City of Franklin (G.O. rated Aaa). The company will employ 1,400 when fully relocated and while the county has provided an incentive package that includes tax abatements, the school portion of the property tax has not been abated. Other recently-announced relocations include Mars Petcare, Tractor Supply Company, Healthways, and a regional Verizon Wireless headquarters. This economic activity has resulted in steady job growth, with total employment increasing by 17.8% between 2000 and 2005; and unemployment (3.6% for November, 2007) remaining consistently below state (4.8%) and national (4.5%) medians. Retail growth also continues in the county, with vacancy rates close to zero.

STRONG FINANCIAL OPERATIONS

Moody's expects the county's financial position to remain strong, given a long trend of healthy reserve levels, conservative budgeting and steady revenue growth. Although the county did use reserves in fiscal 2003 and 2004, reducing General Fund balance from $22 million (a healthy 53.7% of General Fund revenues) to $17.3 million (a still-comfortable 38.4% of General Fund revenues), surplus operations over the next three years increased General Fund balance to $29.1 million (47.5% of General Fund revenues). Undesignated General Fund balance at the end of fiscal 2007 was $27.4 million (44.8% of General Fund revenues). The county benefits from strong liquidity, with cash and investments representing 89.3% of total General Fund balance. The strong surpluses in fiscal 2006 and 2007 ($6.4 million and $5.1 million, respectively) were driven by conservative budgeting for property taxes, strong hotel/motel tax collections, and savings in several expenditure items. The county has appropriated approximately $3 million in reserves for fiscal 2008, although officials expect to make up most or all of that appropriation by the end of the year. While the county does not have formal fund balance policy, officials have an informal minimum target of 25% and 30% of General Fund revenues.

MANAGEABLE DEBT POSITION

Moody's expects the county's debt position will remain manageable, given an average rate of principal retirement (66.1% within 10 years), self-supporting hospital debt, and ongoing tax base growth. Hospital revenues have historically supported a portion (approximately 7.5%) of outstanding general obligation debt, mitigating debt burden somewhat, and Moody's believes hospital net revenues will continue to cover these bonds. The direct debt burden is a manageable 1.8% of full value, increasing to 2.7% when overlapping obligations are taken into account. The county is a frequent issuer of debt to finance general infrastructure and school needs in order to keep pace with population and enrollment growth, and the county’s 5-year Capital Improvement Plan includes another $100 million in debt, mostly for schools, over the next few years. Moody's expects the debt levels to remain close to current levels, given the rapid tax-base growth and average rate of principal retirement.

KEY STATISTICS

2006 Estimated Population: 160,781

2008 Full Valuation: $24.2 billion

Full Value Per Capita: $150,461

2000 Median Family Income as % of State Avg.: 180%

2000 Per Capita Income as % of State Avg.: 167%

Direct Debt burden: 1.8%

Debt Burden: 2.7%

Payout of Principal (10 years): 66.1%

FY 2007 General Fund balance: $29.1 million (47.5% of General Fund revenues)

Post-sale parity Debt Outstanding: $461.79 million